GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:439
ANSWERED ON:28.02.2000
COUNTER GUARANTEE TO POWER PROJECTS
MOINUL HASSAN AHAMED

Will the Minister of POWER be pleased to state:

(a) the number of power projects financed through Foreign Direct Investment for which the Government have assured counter-guarantee at present;

(b) the total amount of Investment involved in such projects;

(c) the rate of return proposed by the Government for such projects;

(d) the period for which such counter-guarantee would remain valid; and

(e) the number of foreign firms which have pulled out for lack of counter guarantee during the recent past?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : The following eight private power generation projects involving foreign direct investment were chosen for extension of counter guarantee of Government of India:

S.No.	Name of the project	Capacity (MW)	Estimated completed cost (as per techno-economic clearance given by CEA)
1.	Visakhapatnam Thermal Power Project, Andhra Pradesh (@ 1 US$=Rs.35.00)	1040	US$ 943.75 million + Rs.1324.993 crores
2.	Neyveli (Single Unit Lignite based) Thermal Power Project, Tamil Nadu.	250	US$ 261.59 million + Rs.501.10 crores (@ 1 US$=Rs.31.50)
3.	Mangalore Thermal Power Project, Karnataka. (@ 1 US$=Rs.31.50)	1013.2	US$ 751.574 million + Rs.1580.89 crores
4.	Bhadravati Thermal Power Project, Maharashtra.	1082	Rs.5187 crores.
5.	Ib Valley Thermal Power Project, Units A&B, Orissa. (@ 1 US$=Rs.42.50)	500	US$ 326.02 million + Rs.983.90 crores
6.	Jegurupadu Combined Cycle Gas Turbine, Andhra Pradesh.	216	Rs.827 crores

7. Godavari Combined Cycle Gas Turbine, Andhra Pradesh.	208	Rs.748.43 crores
8. Dabhol Combined Cycle Gas Turbine, Phase-I, Maharashtra.	740	Rs.9051.27 crores (includes cost of Project)

Counter Guarantee of Government of India has been extended to Jegurupadu Combined Cycle Gas Turbine (216 MW) of M/s GVK Industries Limited, Ib Valley Thermal Power Project (500MW) of Ib Valley Power Private Limited and Dabhol Combined Cycle Gas Turbine (Phase-I) and 740 MW of M/s Dabhol Power Company M/s Spectrum Power Generation Limited withdrew their request for counter guarantee for their 208 MW Godavari Combined Cycle Gas Turbine in Andhra Pradesh.

On 16.5.1998, the Government approved extension of counter-guarantee in the case of the Visakhapatnam Thermal Power Project (1040 MW) of M/s Hinduja National Power Company Limited (HNPCL) in Andhra Pradesh, Bhadravati Thermal Power Project (1082 MW) of M/s Central India Power Company (CIPCO) in Maharashtra and the 250 MW single unit lignite based Neyveli Thermal Power Project of M/s ST-CMS Electric Company in Tamil Nadu, through a revised procedure. Government of India counter-guarantee to these projects have been issued in August, 1999.

The Ib Valley project was re-negotiated by the Government of Orissa before construction could commence and, therefore, techno-economic clearance was issued afresh to this project on 26.2.1999. Issue of Counter Guarantee of Government of India was approved in the case of this project and the Mangalore Thermal Power Project of M/s Cogentrix Energy Inc., on 22.12.1999.

(c) : The tariff notification dated 30.3.1992 as amended from time to time, inter-alia, provides up to 16 per cent return on paid up and subscribed capital relatable to the generating units as a part of fixed cost of the tariff for sale of power by the generating companies to the concerned State Electricity Board at 68.49 per cent Plant Load Factor (PLF). For generation of above 68.49 per cent PLF an additional incentive of up to 0.7 per cent of paid up and subscribed capital, for each percentage point increase of PLF above the normative level of 68.49 per cent PLF, shall be payable.

(d) : Under the revised procedure for extension of counter- guarantee of Government of India, it was, inter-alia, decided that counter-guarantee will be given only for the event of termination and will be limited to the outstanding foreign debt period of 12 years from the date on which the power station is declared commercially operational.

(e): In a letter dated 11.2.2000, M/s Cogentrix Energy Inc., the promoters of the Mangalore TPP have informed that they have transferred their interests in the Mangalore power project and Mangalore Power Company to China Light (Mauritius) Ltd. and have no further interest in the project or the Company. No reason has been given for taking such a decision.